

House Select Committee on
Homeowners Associations
2011-2012 Biennium
November 16, 2011



History of Planned Community Act in North Carolina

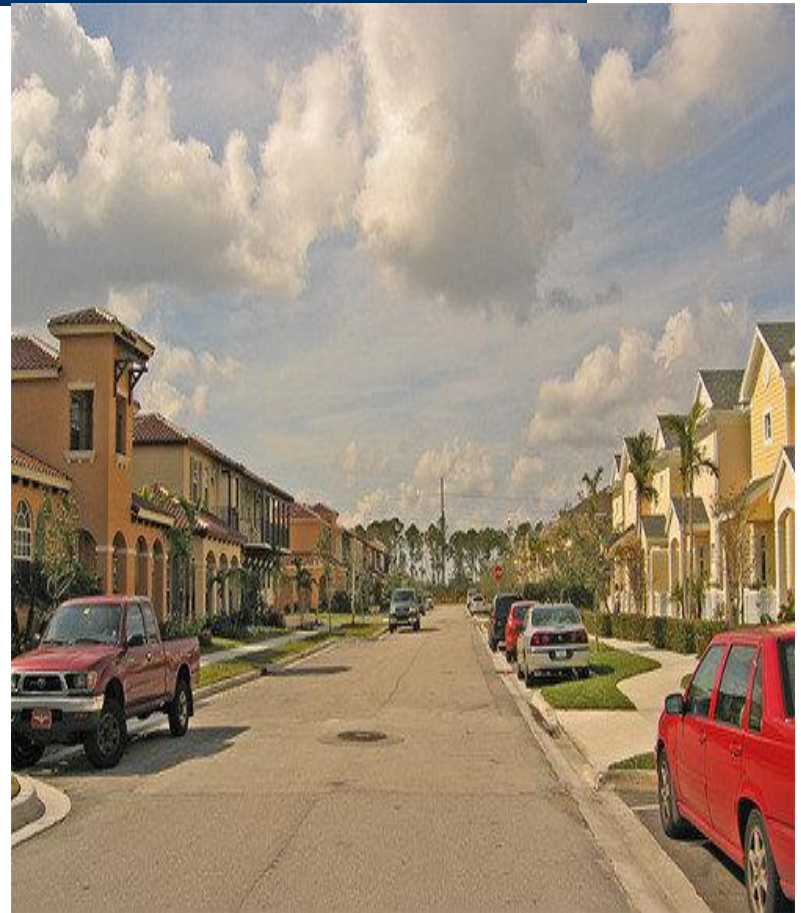
- Enacted in 1998.
- As planned communities have become the preferred form of residential real estate development, it highlighted the legal shortcomings of common law property and contract law.
- Based on the Uniform Planned Community Act; however, significant differences resulted in the General Assembly not referring to it as a “uniform” act and not including the Official Comments to the Uniform Act in the PCA – most notably deletion of Article 4 (protection of purchasers) and Article 5 (Administration and Registration)

Composition of Planned Community Act

- Article 1: General Provisions
- Article 2: Creation, Alteration, and Termination of Planned Communities
- Article 3: Management of Planned Community

Article I of Chapter 47F

General Provisions



Applicability

Applicability:

- G/R: the PCA in its entirety applies to all planned communities created on/after 1/1/99. Communities created before that date may elect to make the PCA applicable to them by amendment to its declaration by affirmative vote of at least 67% of allocated votes.
- Exceptions for planned communities created on/after 1/1/99 if either of the following are true:
 - The community has no more than 20 lots*
 - All the lots are restricted exclusively to nonresidential purposes*
- Certain PCA provisions apply to all planned communities* for events and circumstances occurring on/after 1/1/99

Applicability (con't)

What determines applicability?

Key is found in the definition of planned community (G.S. 47F-1-103(23)): “[R]eal estate with respect to which any person, by virtue of that person’s ownership of a lot, is *expressly obligated by a declaration to pay ... expenses to maintain, improve, or benefit other lots or other real estate described in the declaration.*”

Varying the Requirements of the PCA

- G/R: The declaration and bylaws cannot be used to vary the provisions of the PCA.
- G/R: The provisions of the PCA cannot be varied by agreement.
- G/R: A declarant may not use any device to evade the limitations or prohibitions of the PCA, the declaration, or the bylaws of a community.

Miscellaneous

- Codes, laws, ordinances, and regulations may not be used to discriminate against planned communities versus other types of communities.
- Legal and equitable principals are not displaced by the PCA but are supplementary to it and applicable, except to the extent there is a conflict.

Article 2 of Chapter 47F

Creation, Alteration, and Termination of Planned Communities



Creating a Planned Community

- To create a planned community, there must (1) be a declaration. That declaration must (2) be executed as a deed would be, (3) recorded in every county where part of the community is located, and (4) be indexed by grantee (name of planned community) and grantor (persons executing the declaration).
- Should the bylaws and declaration conflict, lawful provisions of the declaration control over the provisions of the bylaws.
- If there is an “insubstantial failure” of the declaration to comply with the PCA, that failure does not affect title.

Amending the Declaration

- G/R: amendment of declaration requires affirmative vote of at least 67% of allocated votes.*
- Statute of limitations: a challenge to the validity of an amendment to a declaration must be brought no more than one year from its recordation.
- Recordation and indexing requirements apply.

Terminating a Planned Community

- G/R: Termination of a planned community requires an affirmative vote of at least 80% of the allocated votes.*
- Termination agreement must be executed as a deed and must give a date after which the agreement is void if not recorded in the county/ies where the community is located.
- Termination agreement is only effective upon recordation and **may** provide for sale of common elements but **may not** require the sale of lots following termination without the consent of all lot owners*.

Terminating a Planned Community (con't)

- The association may contract for sale of real estate in the community on behalf of the owners but such contract is not binding until approved pursuant to the G/R.
- Title to common elements not sold following termination vests in the owners upon termination as tenants in common proportionate to their respective interests as provided in the agreement.
- Proceeds of sales are held by the association as trustee for owners, lien holders, and creditors (who are treated as if they has perfected liens on the common elements immediately before termination).

Article 3 Management of Planned Community



Organization of owners' associations

- A lot owners' association must be incorporated no later than the date the first lot in the planned community is conveyed and consist exclusively of all the lot owners.
- Every association created after 1/1/99 must be organized as a nonprofit corporation.

Powers of HOA's

- Adopt and amend bylaws, rules and regulations;**
- Adopt and amend budgets for revenues, expenditures, and reserves and collect assessments for common expenses from lot owners;**
- Institute, defend, or intervene in litigation or administrative proceedings on matters affecting the planned community;**
- Make contracts and incur liabilities;**
- Regulate the use, maintenance, repair, replacement, and modification of common elements;**
- Cause additional improvements to be made as a part of the common elements;
- Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;

Powers of HOA's (con't)

- Impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements ... and for services provided to lot owners;
- Impose reasonable charges for late payment of assessments, not to exceed the greater of \$20.00 per month or 10% of any assessment installment unpaid and, after notice and an opportunity to be heard, suspend privileges or services provided by the association (except rights of access to lots) during any period that assessments or other amounts due and owing to the association remain unpaid for a period of 30 days or longer;**

Powers of HOA's (con't)

- After notice and an opportunity to be heard, impose reasonable fines or suspend privileges or services provided by the association (except rights of access to lots) for reasonable periods for violations of the declaration, bylaws, and rules and regulations of the association;
- Provide for the indemnification of and maintain liability insurance for its officers, executive board, directors, employees, and agents;
- Exercise all other powers that may be exercised in this State by legal entities of the same type as the association; and
- Exercise any other powers necessary and proper for the governance and operation of the association. **

Executive board members and officers**

- G/R*: Executive board may act in all instances on behalf of HOA.
- A board may not act unilaterally to: amend the declaration, terminate a community, or to elect members of the board or determine qualifications, powers and duties, or terms of office of board members, but a board may unilaterally fill vacancies in its membership for an unexpired term.
- Officers and members of a board must discharge their duties in good faith. Officers must act according to the standards for officers of a nonprofit corporation. Members of a board must act according to the standards for directors of a nonprofit corporation.
- The lot owners, by a majority vote of all persons present and entitled to vote at a meeting of the lot owners at which a quorum is present, may remove any member of the board with or without cause, other than a member appointed by the declarant.

Budgets**

- Budget requirements: Within 30 days after adoption of any proposed budget for a community, a board must provide to all lot owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. A board must set a date for a meeting of the lot owners to consider ratification of the budget, to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There is no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all the lot owners in the association or any larger vote specified in the declaration rejects the budget. In the event a proposed budget is rejected, the periodic budget last ratified by the lot owners is continued until such time as the lot owners ratify a subsequent budget proposed by the board.

Declarant Control

- No stated period for termination of declarant control (unlike the State's Condominium Act, Chapter 47C of the General Statutes).
- The declaration may provide for a period of declarant control of the HOA, during which period a declarant, or persons designated by the declarant, may appoint and remove the officers and members of the executive board.
- Not later than the termination of any period of declarant control, the lot owners must elect an executive board of at least three members, at least a majority of whom shall be lot owners. The board must elect the officers.
- Except for transfer of declarant rights pursuant to foreclosure, no special declarant right may be transferred except by an instrument evidencing the transfer which must be recorded properly.

Declarant Control (con't)

- **Termination of contracts and leases of declarant.**
 - Any contract or lease affecting or related to the community entered into before the board elected by the lot owners takes office, which is not bona fide or is unconscionable to the lot owners, may be terminated without penalty by the association with not less than 90 days' notice to the other party.

HOA Bylaws

Bylaws of an association must provide for:

- The number of members of the executive board and the titles of the officers of the association;
- Election by the board of officers of the association;
- The qualifications, powers and duties, terms of office, and manner of electing and removing board members and officers and filling vacancies;
- Which, if any, of its powers the board or officers may delegate to other persons or to a managing agent;
- Which of its officers may prepare, execute, certify, and record amendments to the declaration on behalf of the association;
- The method of amending the bylaws; and
- Any other matters the association deems necessary and appropriate.

Upkeep of planned community ~ responsibility**

- G/R: Except as otherwise provided in a declaration, an association is responsible for causing the common elements to be maintained, repaired, and replaced when necessary and to assess the lot owners as necessary to recover the costs of such maintenance, repair, or replacement.
- Except as otherwise provided in a declaration, each lot owner is responsible for the maintenance and repair of their own lot and any improvements thereon. Each lot owner must allow an association, and when necessary to another lot owner, access through the lot owner's lot as reasonably necessary for any such maintenance, repair, or replacement activity.

Upkeep of planned community ~ damages**

- If a lot owner is legally responsible for damage inflicted on any common element, a HOA may direct that lot owner to repair the damage, or may make the repairs and recover damages from the responsible lot owner.
- If damage is inflicted on any lot by an agent of the HOA in the scope of the agent's activities, the HOA is liable to repair the damage or reimburse the lot owner for the cost of repairing the damage, as well as associated losses.
- For claims under the jurisdictional amount established for small claims, any aggrieved party may request a hearing before an adjudicatory panel appointed by the board to determine responsibility for damages. Parties must be afforded notice, opportunity to be heard and to present evidence, and notice of the decision. *

Procedures for fines & suspension of planned community privileges or services**

- Unless a declaration provides otherwise, a hearing must be held before the executive board or an adjudicatory panel appointed by the board to determine if any lot owner should be fined or if planned community privileges or services should be suspended. Such panels must be composed of members of the HOA who are not officers of the HOA or the board.
- Lot owners must be given notice of the charge, opportunity to be heard and to present evidence, and notice of the decision.
- Fines imposed may not exceed \$100.00 for the violation and, without further hearing, for each day more than five days after the decision that the violation occurs. Such fines constitute assessments secured by liens.

Procedures for fines & suspension of planned community privileges or services (con't)**

- If suspension of community privileges or services is to be imposed, the suspension may continue until the violation or delinquency is cured.
- A lot owner may appeal the decision of an adjudicatory panel to the full board by delivering written notice of appeal to the board within 15 days after the date of the decision. The board may affirm, vacate, or modify the prior decision of the adjudicatory body.

Meetings**

- A meeting of a HOA must be held at least once each year.
- Special meetings of a HOA may be called by the president, a majority of the board, or by lot owners having 10%* of the votes in the association.
- Not less than 10 nor more than 60 days in advance of any meeting, notice of the meeting must be sent to lot owners. In addition to time and place of the meeting and the items on the agenda, such notice must include the general nature of any proposed amendment to the declaration or bylaws, any budget changes, and any proposal to remove a director or officer.
- Meetings of the executive board must be held as provided in the bylaws. At regular intervals, the board must provide lot owners an opportunity to attend a portion of an executive board meeting and to speak to the executive board about their issues or concerns. The board may place reasonable restrictions on such speech.

Tort and contract liability

- Neither the HOA nor any lot owner except the declarant is liable for a declarant's torts in connection with any part of the planned community which the declarant has the responsibility to maintain.
- An action alleging a wrong done by a HOA shall be brought against the association and not against a lot owner.
- Any statute of limitation affecting a HOA's right of action in connection with a declarant's torts is tolled until the period of declarant control terminates.

Conveyance or encumbrance of common elements

- G/R: Portions of the common elements may be conveyed or subjected to a security interest by a HOA if persons entitled to cast at least 80%* of the votes in the association agree in writing to do so. With such agreement, a HOA has all powers necessary and appropriate to effect the conveyance or encumbrance, free and clear of any interest of any lot owner or the association in or to the common element conveyed or encumbered.
- No conveyance or encumbrance of common elements may deprive any lot of its rights of access and support.

Insurance

A HOA must maintain, to the extent reasonably available:

- Property insurance on the common elements insuring against all risks of direct physical loss commonly insured. The total amount must not be less than 80% of the replacement cost of the property (exclusive of items normally excluded from property policies);
- Liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.
- The declaration may require the association to carry any other insurance, and the association in any event may carry any other insurance it deems appropriate to protect the association or the lot owners.

Surplus funds

Unless otherwise provided in the declaration, any surplus funds of the association remaining after payment of or provision for common expenses, the funding of a reasonable operating expense surplus, and any prepayment of reserves shall be paid to the lot owners in proportion to their common expense liabilities or credited to them to reduce their future common expense assessments

Assessments for common expenses**

- Except as otherwise provided in the declaration, until the association makes a common expense assessment the declarant must pay all common expenses. After any assessment has been made by the association, assessments thereafter must be made at least annually.
- Generally all common expenses must be assessed against all the lots in accordance with the allocations set forth in the declaration.
- Any past-due common expense assessment or installment thereof bears interest at the rate established by the association not exceeding 18% per year. For planned communities created prior to 1/1/99, interest may be charged on any past-due common expense assessment or installment only if the declaration provides for interest charges, and where the declaration does not otherwise specify the interest rate, the rate may not exceed 18% per year.

Lien for assessments ~ Foreclosure authority**

- Any assessment levied against a lot remaining unpaid for a period of 30 days or longer constitutes a lien on that lot when a claim of lien is filed of record in the office of the clerk of superior court of the county in which the lot is located.
- No fewer than 15 days prior to filing the lien, the association must mail a statement of the assessment amount due to the lot owner.
- Unless the declaration provides otherwise, fees, charges, late charges, and other charges imposed are enforceable as assessments.

Foreclosure authority (con't)**

- *If an assessment remains unpaid for 90 days or more, an association is authorized to foreclose the claim of lien. An HOA's executive board must vote to commence such proceedings against the specific lot.*
- Generally, a HOA may foreclose a claim of lien in like manner as a mortgage on real estate under power of sale. If, however, the debt securing the lien consists solely of fines, interest on unpaid fines, or attorneys' fees incurred by the association solely associated with fines imposed, an association may only enforce the lien by judicial foreclosure.
- An association may not levy, charge, or attempt to collect a service, collection, consulting, or administration fee from any lot owner unless the fee is expressly allowed in the declaration. Any lien securing a debt consisting solely of these fees may only be enforced by judicial foreclosure.

Foreclosure authority (con't)**

- Association liens have priority over all liens and encumbrances on a lot except (i) liens and encumbrances (including a mortgage or deed of trust on the lot) recorded before the docketing of the HOA's claim of lien in the office of the clerk of superior court, and (ii) liens for real estate taxes and other governmental assessments and charges against the lot. Priority of mechanics' or materialmen's liens are also unaffected.
- A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three years after the docketing of the claim of lien in the office of the clerk of superior court.

Foreclosure authority (con't)**

- A judgment, decree, or order issued in connection with enforcement of a lien must include costs and reasonable attorneys' fees for the prevailing party. If the lot owner does not contest the collection of debt and enforcement of a lien after the expiration of the required 15-day period following notice, then reasonable attorneys' fees may not exceed \$1,200, not including costs or expenses incurred – this limitation only applies to claims of lien foreclosed in like manner under power of sale.
- A lot owner may not be required to pay attorneys' fees and court costs until the lot owner is notified in writing of the HOA's intent to seek payment of such fees and costs. The notice must state the outstanding balance due and that the lot owner has 15 days to pay the outstanding balance without the such fees and costs. If the lot owner pays the outstanding balance within this period, then the lot owner has no obligation to pay the fees and costs.

Foreclosure authority (con't)**

- The notice must also inform the lot owner of the opportunity to contact a representative of the association to discuss a payment schedule for the outstanding balance.
- The association, acting through its executive board and in the board's sole discretion, may agree to allow payment of an outstanding balance in installments. Neither the association nor the lot owner is obligated to offer or accept any proposed installment schedule. Reasonable administrative fees and costs for accepting and processing installments may be added to the outstanding balance and included in an installment payment schedule. Reasonable attorneys' fees may be added to the outstanding balance and included in an installment schedule only after the lot owner has been given notice.

Association Records**

- A HOA must keep financial records *sufficiently detailed to enable the association to comply with Chapter 47F*. If the bylaws do not specify particular records to be maintained, the association must keep accurate records of all cash receipts and expenditures and all assets and liabilities. In addition to any specific information that is required by the bylaws, the association must make an annual income and expense statement and balance sheet available to all lot owners at no charge and within 75 days after the close of the fiscal year to which the information relates.
- Notwithstanding the bylaws, a more extensive compilation, review, or audit of the association's books and records for the current or immediately preceding fiscal year may be required by a vote of the majority of the executive board or by the affirmative vote of a majority of the lot owners present and voting in person or by proxy at any annual meeting or any special meeting duly called for that purpose.

Association Records (con't)**

- All financial and other records, including records of meetings of the association and board, must be made reasonably available for examination by any lot owner.
- Upon written request, a HOA must furnish to a lot owner a statement setting forth the amount of unpaid assessments and other charges against a lot within 10 business days after such request.
- Generally, no financial payments, including payments made in the form of goods and services, may be made to any officer or member of the association's executive board or to a business, business associate, or relative of an officer or member of the executive board.

Attorneys' fees

G/R: In an action to enforce provisions of a HOA's articles of incorporation, the declaration, bylaws, or duly adopted rules or regulations, a court may award reasonable attorneys' fees to the prevailing party if recovery of attorneys' fees is allowed in the declaration.

Miscellaneous

- Limits the ability of restrictive covenants to regulate the display of American and State flags and political signs.
- Limits the ability of restrictive covenants to require the irrigation of landscaping during periods of drought.
- *NEW! ~REQUIRED DISCLOSURES...*

Questions?



Photos from:

http://www.nuwireinvestor.com/blogs/investorcentric/uploaded_images/Las-Vegas-Suburb-701089.jpg

<http://www.weberthompson.com/pressreleases/prSweetwater061030.html>

<http://cdn-ugc.cafemom.com/gen/constrain/500/500/85/2010/08/20/16/b9/c4/poxk87g5wswmqb.jpg?imageId=19513422>

<http://www.mccrearyrealtyhoa.com/clients/203/images/sidewalk.jpg>

http://http://www.groovygreen.com/groove/wp-content/uploads/2008/10/hoa_dump.jpg

Recent Changes to the Planned Community Act

In recent years the General Assembly has made a number of changes to Chapter 47F, the Planned Community Act

- 2005 Session – House Bill 1541 (S.L. 2005-422)
- 2009 Session – House Bill 806 (S.L. 2009-515)
- 2011 Session – House Bill 165 (S.L. 2011-362)

2005 Changes (S.L. 2005-422)

- Capped assessment late charge at \$20 per month or 10% of unpaid installment (G.S. 47F-3-102(11))
- Required publication of names and addresses of officers and board members within 30 days of their election (G.S. 47F-3-103(f))
- Reduced the maximum daily fine for violations of covenants or the HOA rules from \$150 to \$100 (G.S. 47F-3-107.1.)

2005 Changes(cont'd)

- Provided owners opportunity "at regular intervals" to attend and speak at a portion of an executive board meeting (47F-3-108(b))
- Required judicial foreclosure to enforce liens solely for unpaid fines, interest on unpaid fines, or attorney's fees solely resulting from fines (G.S. 47F-3-316(a1))
- Prohibited a service, collection, consulting or administration fee not expressly allowed in the declaration, and required judicial foreclosure to enforce any resulting lien (G.S. 47F-3-316(a2))

2005 Changes(cont'd)

- Imposed a \$1,200 cap on attorneys' fees in uncontested actions to enforce a lien for dues or assessments (G.S. 47F-3-116(e))
- Required written notice to a homeowner before assessing attorneys' fees and court costs in an action for nonpayment of assessments or for other violations (G.S. 47F-3-116(e1))
- Required HOAs to maintain detailed records and to give owners access to these records (47F-3-118(a))

2009 Changes (S.L. 2009-515)

- required reasonable and diligent efforts to ensure that HOA records contain the lot owner's current mailing address before filing a claim of lien (47F-3-116(a))
- required HOAs to mail statement of assessment to the lot owner at least 15 days before filing a lien for unpaid assessments (47F-3-116(a))
- required claims of lien to contain a conspicuous warning of the consequences of failure to pay the lien (47F-3-116(g))
- required certification of service of claim of lien on the record owner (47F-3-116(g))

House Select Committee on Homeowners Association (2009-2010)

- The prior HOA study committee was established on November 17, 2009, and was authorized to "study issues concerning the protection and participation of homeowners in the governance of their homeowners associations, particularly as to assessments and record keeping of the associations"
- The committee met eight times and held one public hearing before issuing its final report to the General Assembly on January 19, 2011

Former Study Committee's Findings

- Homeowners should be provided with better recourse to challenge actions by the HOA boards
- Sellers should disclose more information to buyers concerning restrictive covenants applicable to lots in planned communities
- Declarant obligations should be clarified
- Owners should be protected from abusive HOA practices
- The Act's foreclosure provisions result in the foreclosure statutes being used for a purpose for which they were not intended

Changes Recommended by the Prior HOA Study Committee

After considering various options for addressing these concerns, as summarized in the committee's final report, the committee recommended the changes set forth in House Bill 165, filed on February 2, 2011.

HB 165 (as Introduced)

- As introduced, HB 165 addressed concerns with **arbitrary enforcement of covenants and rules** by setting forth specific factors that an HOA board must consider when deciding not to take action against violations of the declaration, bylaws and HOA rules.

HB 165 (as Introduced)

- Addressed concerns about the **adoption of budgets and the imposition of special assessments** by:
 - requiring boards annually to adopt a proposed budget and provide a summary to owners within 30 days of adoption
 - specifying a timeline and meeting procedures for ratifying budgets and for imposing special assessments, with an exception in the event of an emergency requiring an emergency special assessment as found by a two-thirds vote of the board

HB 165 (as Introduced)

- To provide lot owners with greater **access to board meetings**, the bill:
 - required meetings of HOA boards and committees to be open to lot owners
 - required that lot owners be given a reasonable opportunity to comment on relevant matters during any HOA or executive board meeting, except during executive sessions
 - specified the circumstances under which an executive session may be held

HB 165 (as Introduced)

- Addressing concerns with the **use of foreclosure to enforce liens**, the bill:
 - lengthened the time a lot assessment must have remained unpaid before it constitutes a lien from 30 days to 90 days
 - required HOAs to offer delinquent owners a periodic installment payment plan over a reasonable time based on the amount of the outstanding balance
 - prohibited foreclosure to enforce a claim of lien unless the executive board has voted to commence the particular proceeding

HB 165 (as Introduced)

- To strengthen requirements for **access to HOA records**, the bill:
 - specified and expanded the categories of records that must be kept by HOAs
 - specified the circumstances under which HOA records must be made available for inspection and copying
 - specified the circumstances under which records may be withheld from inspection and copying

HB 165 (as Introduced)

- Addressing concerns over **declarant control** of planned communities, the bill:
 - mandated when the declarant control ends
 - permitted voluntary earlier relinquishment of declarant control
 - detailed declarant's liability upon transfer of special declarant rights
 - specified types of contracts entered into by declarants that may be terminated by HOAs without penalty if not bona fide or if unconscionable to the lot owners when made
 - specified circumstances under which declarant would be liable when an HOA is sued for tort losses occurring during the period of declarant control

HB 165 (as Introduced)

- Addressing concerns with **information disclosed to purchasers** of lots in planned communities, the bill:
 - enacted a new Article 4 to Chapter 47F requiring sellers of lots in a planned community to provide purchasers with a copy of the declaration and a disclosure certificate containing 16 enumerated statements relating to the planned community
 - required the Real Estate Commission to revise the Residential Property Disclosure Statement to provide a place for sellers to disclose the existence of any HOA responsible for enforcing rules and regulations and the existence of any restrictive covenants affecting the real property

HB 165 (as Introduced)

- The bill also:
 - permitted use of ADR by agreement of all parties to disputes involving an HOA's declaration, bylaws or rules and regulations using mediators certified by the Dispute Resolution Commission
 - required the Consumer Protection Division of the Department of Justice to provide general information to and receive complaints from the public regarding the implementation of the changes to the Act, and to compile all complaints received concerning HOAs into an annual report to be published on the DOJ website

HB 165 (as Enacted)

- As enacted, the substantially revised bill made two changes to the law relating to HOAs:
 - amended the Planned Community Act to provide that an HOA, acting through its executive board, may foreclose a claim of lien under power of sale if the assessment remains unpaid for 90 days or more, and if the executive board votes to commence the proceeding against the specific lot (applicable to foreclosure actions filed on or after October 1, 2011)
 - amended the Residential Property Disclosure Act to require the owner of real property to furnish to a purchaser an “owners' association and mandatory covenants disclosure statement,” which the Real Estate Commission must develop by December 1, 2011 (applicable to real estate sales occurring after January 1, 2012)

HB 165 (as Enacted)

- The new disclosure statement will:
 - include a space to disclose that the property is subject to regulation by HOAs and any governing documents imposing mandatory covenants, conditions, and restrictions upon the property
 - include a space to disclose: contact information for the HOA president or manager; the amount of any regular assessments or dues; whether any services are paid for by regular assessments or dues; whether any assessments, dues, fees or special assessments have been approved; the existence of any unsatisfied judgments or pending lawsuits involving the lot, the planned community or the HOA; and any transfer fees charged by HOAs or managers in connection with the conveyance or transfer of the lot to a new owner
 - give the seller the option to make "no representation"

HB 165 (as Enacted)

- In addition to these statutory changes, the act directs the North Carolina Real Estate Commission to develop a brochure about restrictive covenants and make it available for home buyers by December 1, 2011. The brochure must include an explanation that unpaid assessments, fines, fees or charges may result in foreclosure of the owner's property.

Questions?



Photos from:

http://www.nuwireinvestor.com/blogs/investorcentric/uploaded_images/Las-Vegas-Suburb-701089.jpg

<http://www.weberthompson.com/pressreleases/prSweetwater061030.html>

<http://cdn-ugc.cafemom.com/gen/constrain/500/500/85/2010/08/20/16/b9/c4/poxk87g5wswmqb.jpg?imageId=19513422>

<http://www.mccrearyrealtyhoa.com/clients/203/images/sidewalk.jpg>

http://http://www.groovygreen.com/groove/wp-content/uploads/2008/10/hoa_dump.jpg